


**Costas Theodoridis**

Manchester Metropolitan  
University Business School  
Departments of Marketing,  
Operations, and Digital  
Business  
M15 6BH  
Manchester  
UK

 +44 1612476062



c.theodoridis@mmu.ac.uk

## **The impact of service quality on the patronage of pharmacies during economic crisis: evidence from a pilot study in Greece**

Following the recession of 2008 in Greece, the Greek government in order to comply with the demands of the IMF, EU, and ECB introduced a number of cost containment measures, and among them there was a strand of measures related to the pharmaceutical products (for a thorough discussion see Vandonos and Stargardt (2013)). The price and the profit margins of pharmaceutical products were reduced and an on-going up-to-know debate on the complete deregulation of the sector started back then. Pharmacy retailing is the only legal distribution channel for medicines in Greece and that had made it a very attractive employment opportunity, given that the pharmacists' licenses could have been inherited from father to son. The density of the pharmacies in Greece is among the highest in the EU (Theodorakis, 2013) and this comes to an agreement with the reputation Greeks have to be very reliant to the healthcare providers. Never the less, the per capita expenditure on healthcare from 2009 to 2013 has decreased by a total of 21% (OECD, 2015) and this is reflected on the sales of pharmacies that declined that much that pharmacists struggle to keep them open (Karagiorgos, 2015). This research looks into this matter from the service quality perspective.

There is evidence that service quality is a predictor of satisfaction and patronage (Sivadas and Baker-Prewitt, 2000) and there is also an established track of research that looks into the service quality in the pharmacy sector both from the customer (Hedvall, 1991) and the pharmacist (White and Klinner, 2012) point of view. The research of Cavaco et al. (2005) provided a thorough description of the issues that underpin service quality in the pharmacy sector where they identified the importance of the people and the physical store as factors to predict the perception of the customer. MacKeigan and Lon (1989) used an adapted version of SERVQUAL (Parasuraman et al., 1991; Parasuraman et al., 1988) to measure service quality, where they interestingly included a section on the financial cost of patronising a pharmacy. It is reported that during the recession in Greece pharmacists have started to create informal credit accounts for their customers (Karagiorgos, 2015) and this pushes down both their profits and cash-flow. Therefore, this research will test the following research hypotheses:

*H<sub>1</sub>*. There is statistical relationship between the service quality and the satisfaction of the pharmacy customers during periods of economic crisis.

*H<sub>2</sub>*. There is statistical relationship between the service quality and the patronage of pharmacies during periods of economic crisis.

*H<sub>3</sub>*. There is statistical relationship between the empathy of the pharmacist and the patronage of pharmacies during periods of economic crisis.

The research project is in progress and the data collection is still ongoing. A sample of  $n=500$  is expected which is consistent with other work that has been conducted in the wider health sector in Greece (Papanikolaou and Zygiaris, 2014). *Cronbach's  $\alpha$*  was calculated, followed by exploratory factor analysis and multiple regression analysis data collected up to now. The initial findings of the data analysis (convenience sample of  $n=124$ ) highlight that all three research hypotheses are accepted. However, it shall be stressed that the different dimensions of SERVQUAL model have completely different impact to the overall satisfaction and patronage. Also, it appears that respondents with different demographic background have different perceptions over the received service quality. With particular reference to the empathy of the pharmacist it appears that caring about the customer, and for specific customer groups, standing by them during the hardship is an important predictor of satisfaction and patronage.

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